

**MMA Testimony on the Michigan Personal Property Tax Reform and Local
Revenue Stabilization Package SB 821 – SB 830
House Tax Policy Committee
Mike Johnston VP, Government Affairs**

Good afternoon Mr. Chair and committee members. I am Mike Johnston, VP of Government Affairs, Michigan Manufacturers Association. Thank you for the opportunity to be here today to support legislation that will make Michigan more competitive, while strengthening our communities. First, I want to thank you Mr. Chairman for your leadership on this issue. I also want to thank Lt. Gov. Calley for all of his personal dedication.

The MMA represents 2400 members employing over a half a million people in Michigan. 85% of our members employ less than 100 people.

This package is the second package of technical fix bills designed to implement the reform policy passed in Dec. 2012. Last fall you passed bills to clarify terms and processes to implement the tax cut, which started for small businesses on Jan. 1st of this year.

This package addresses the local reimbursement side of the plan. I am pleased to see broad support for the package among the local government groups, public safety organizations, schools and the business community. This is truly an historic opportunity to create jobs and establish secure funding for our local communities.

Let me focus for a minute on the state essential services assessment in SB 829 (Warren). This bill fulfills the promise manufacturers made to local governments in December 2012 to replace 100% revenues for essential services, including: police, fire, ambulance, and jail services. SB 829 provides technical changes to the essential services assessment (ESA) to ensure a workable solution for both businesses and local units of government. The bill changes the ESA from a local assessment to a state level assessment. During workgroup sessions over the summer and fall last year, involving both local folks and business folks, it became clear that the local ESA was too complicated to implement. It would have resulted in different tax rates in different communities and the tax rates would likely vary from year to year. In addition, the administrative burden would have actually increased for both communities and manufacturers over current personal property tax collection process. So, the administration proposed a state level tax to simplify the process. We believe this is a much improved system. It will achieve our promise to pay for essential local services, while resulting in same tax relief as originally anticipated, with a net statewide average tax reduction of 80%.

We believe this package will help create jobs in Michigan, while strengthening our local communities. We encourage your support.

Thank you

Organizations Supporting the Michigan Personal Property Tax Reform and Local Revenue Stabilization Package

With 100% reimbursement for lost revenue from reforming the personal property tax the package of bills SB 821-SB 830 brings broad support from both the local communities, and the business community.

Public Sector – Local Government, Public Safety, and Education

Michigan Municipal League
Michigan Association of Counties
Michigan Townships Association
Michigan Libraries Association
Michigan Sheriffs' Association
Michigan Association of Chiefs of Police
Michigan Association of Police Organizations
Fraternal Order of Police
Michigan Association of Fire Chiefs
Police Officers Association of Michigan
Michigan Professional Fire Fighters Union
Michigan Association of School Boards
Michigan Association of Intermediate School Administrators
Michigan Community College Association

Private Sector - Business Groups

Grand Rapids Area Chamber of Commerce
Detroit Regional Chamber
Lansing Regional Chamber of Commerce
Michigan Manufacturers Association
Michigan Chamber of Commerce
Small Business Association of Michigan
National Federation of Independent Business-Michigan
Business Leaders for Michigan
Michigan Grocers Association
Home Builders Association of Michigan
Michigan Association of Realtors
Michigan Retailers Association
Michigan Soft Drink Association
Associated Builders and Contractors of Michigan
Michigan Business Professionals Association